Press Information

Hertz

FOR RELEASE: A.M.s of Monday, Feb. 15, 1988 CONTACT: Leigh Smith (212) 980-2353

For Typical Compacts Run 5 Years ...

NEW CAR OWNERSHIP & OPERATING COSTS TOP HALF-DOLLAR AS ALL 1987 DRIVING ELEMENTS RISE AVERAGE OF 5.5%

With all major vehicle outlays increasing, 1987 auto ownership and operating expenses rose for the 14th year in the past 15, as typical compact models hit a record 51.14¢ a mile, up 5.5% or 2.7¢ from 1986's 48.48¢, according to The Hertz Corporation's annual estimates issued today.

Since 1972, the last year before the first Arab oil embargo, outlays to own and run typical U.S. cars soared 220%, dropping 5.2% only in 1983. By contrast, the nation's overall living costs climbed 171% in the same 15-year period, the rental car company's report noted.

The new Hertz survey lists 1987 increases in all auto expense categories: insurance, licenses, taxes, fees, interest, maintenance, repairs, fuel and depreciation — the difference between car purchase price and resale value. (Parking and tolls are excluded from the study's costs.)

Typical 1987 compact car purchase prices shot up nearly 6.9% to $11,155 from 1986's $10,439. Since '72, typical auto purchase prices have jumped 305%. Purchase price increases can boost depreciation, loan, tax and insurance outlays, the study points out. Sticker price rises are more than operating increases because people are driving smaller cars fewer miles and are keeping them longer, the rental company study noted.

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The 51.14¢ a mile 1987 figure is for a normally-equipped compact make, purchased new and to be driven 10,000 miles annually for five years—typical U.S. new car driving.

Car Size, Age, Mileage Change Expenses Significantly

Here is a breakout of cost elements for compact cars purchased new and driven 10,000 miles a year for five years in 1987 and in 1986:

	1987	1986	Change %
Depreciation	.1774	0.1660	1.069
Insur.,Licenses.,Fees	.1362	0.1328	1.026
Interest (P&L)	.0774	0.0738	1.035
FIXED SUB-TOTAL	.3909	0.3736	1.046
Maint. & Repair	.0464	0.0453	1.024
Gas,Oth.Svc.Stn. Charges	.0741	0.0659	1.129
VARIABLE SUB-TOTAL	.1205	0.1112	1.084
F & V TOTALS	.5114	0.4848	1.055

Auto expenses differ sharply by vehicle size, equipment, annual mileage, ownership duration and where autos are driven, the company noted.

In the new report, sub-compact models showed the sharpest 1987 advance, rising 17.7% to 47.57¢ a mile from 40.42¢ in 1986. Standard-size autos were up 5.4% to 66.37¢ a mile, nearly 40% above the sub-compact's estimated 47.57¢ cost last year.

Here are Hertz's recent per-mile cost estimates for different sized cars purchased new and driven 10,000 miles annually for five years: and use figures for individual U.S. motorists, according to Hertz:

	HERTZ	1978-1987 COST ESTIMATES BY CAR SIZE						
Year	1987	87-86%	1986	1985	1984	1983	1982	1978	'78-87 %
CAR SIZE		Change						Change	
Subcompact	.4757	1.177	.4042	.4092	.3663	.3463	.3418	.2252	+1.11
COMPACT	.5114	1.055	.4848	.4764	.4567	.4328	.4467	.2485	+1.06
Mid-size	.5997	1.068	.5613	.4715	.4861	.4546	.4902	.2873	+1.09
Intermediate	.6107	1.118	.5464	.5283	.5019	.4956	.5009	.2891	+1.11
Standard	.6637	1.054	.6298	.5977	.6297	.5542	.5231	.3233	+.948
5-Size AVG.	.5722	1.089	.5253	.5018	.4817	.4567	.4605	.2747	+1.08

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Study figures also demonstrate that keeping cars longer can save motorists money:

— New 1987 compacts driven 10,000 miles a year but traded annually cost 62.5¢ a mile, while ones run 10,000 miles annually for TEN years year averaged 39.8¢ a mile, some 22.72¢ under costs for annual trading, saving $22,720 over the car's life-span, Hertz's study shows.

—Here are the yearly cost differences —

Year	1	2	3	4	5	6	7	8	9	10
¢ Per Mile	.6252	.5921	.5569	.5294	.5114	.4773	.4514	.4299	.4123	.3980

Also, used cars cost some 40% less than units bought new.

Hertz study figures indicate that some three-quarters of all auto outlays for typical driving are in so-called "fixed"or "standing" expenses such as depreciation, interest, insurance, licenses, taxes and fees. These are largely influenced by the car's purchase price and how long the vehicle is driven. "Variable" or "running" costs — such as gasoline, oil, maintenance, repairs, parts and accessories — comprise the remaining 25% of expenses.

Trading (or selling) a car sooner raises the "fixed" to "variable" cost ratio (to about four-fifths of total charges) while keeping one longer usually lowers it (to roughly two-thirds).

<u>High Mileage = More Dollars Per Year, Fewer Cents Per Mile</u>

The company's report stressed that variations in annual driving distances also have a material effect on cents-per-mile costs because annual fixed dollar outlays are divided by more, or fewer, miles.

For the five-year driver, a new 1987 compact's costs ranged from 89.43¢ a mile at 5,000 miles a year to 28.08¢ at an annual 20,000 miles of driving — 61.35¢ a mile less.

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However, on an ANNUAL dollar basis, 5,000 miles a year totals just $4,471, while 20,000 miles a year comes to $5,616 — $1,145 a year more. The average driving distance for U.S. passenger cars in their first five years of service was 11,005 miles in 1986, latest year for which there are mileage figures. (Cars are driven more miles in early years, fewer later.)

Mileage Inches Back Up

The Hertz data shows that from the early 1970's to the early '80's, motorists drove less, kept cars longer and purchased smaller vehicles in an attempt to keep driving outlays in line with family incomes:

— From 1972 to 1983, average yearly passenger car mileage dropped 22% from 10,362 to 8,037 miles before turning back upward to 8,317 in 1984, 8,586 miles in 1985, 8,894 in 1986 and 9,304 last year;
— Compact cars, rather than intermediates, are now the most typical new models purchased and most vehicles are about a foot shorter than their 1972 counterparts;
— New cars are now kept an average of 5.4 years against 3.6 in 1972; and,
— Average age of all cars on the road is now 7.6 years vs. 5.7 15 years ago.

Driving expenses can vary so dramatically under such a wide array of circumstances that each motorist should figure his or her own outlays, Hertz said. For example, parking and tolls in major cities, can add 10–40¢ a mile to the 51.14¢ compact average for 10,000 annual miles for five years. If driving patterns differ, costs also can vary substantially, even for similar autos in the same local if driven equal mileage and use periods.

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Table 1A

The Hertz Corp.
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HERTZ ESTIMATES OF 1987 NEW CAR OWNERSHIP & OPERATING COSTS

<-SUB_COMPACT->	<-------'COMPACT'------->					INTER-MEDIATE	STAN-DARD
Years Use	<- At CONSTANT Annual Mileages -> (in cents per mile)						
	10000	5000	9,304	10000	20000	10000	10000
		<	******		>		
1	0.5152	1.1330	0.6497	0.6252	0.3736	0.7533	0.8234
2	0.4908	1.0622	0.6184	0.5921	0.3574	0.7116	0.7764
3	0.4639	0.9846	0.5863	0.5569	0.3440	0.6675	0.7271
4	0.4428	0.9363	0.5587	0.5294	0.3340	0.6333	0.6890
5	0.4292	0.8943	0.5377	0.5114	0.2808	0.6107	0.6637
6	0.4025	0.8236	0.5008	0.4773	No Data	0.5691	0.6179
7	0.3824	0.7658	0.4728	0.4514	Over	0.5375	0.5829
8	0.3656	0.7213	0.4510	0.4299	100,000	0.5111	0.5538
9	0.3519	0.6829	0.4319	0.4123	Miles	0.4896	0.5300
10	0.3408	0.6541	0.4164	0.3980	——	0.4720	0.5105

HISTORICAL COMPARISONS OF NEW 'INTERMEDIATE' SIZE CAR

	<-@ Estimated Varying Mileage Yearly->				<-@ Constant 10,000->		
	3-Year		10-Year		MILES PER YEAR		AVG.COST
	Average Annual Mileage	Use Cost Cents-Per-Mile	Average Annual Mileage	Use Cost Cents-Per-Mile	3 Yr. Use Cost	10-Yr. Use Cost	Of 3-Yr. Use In Constant
Year	C.P.M.	$ P.Y.	M.P.Y.	C.P.M.	$ P.Y.		(1986) $
1925E	5835	0.1690	Not Available		0.1150	N/A	0.7450
1950	12771	0.0930	9032	0.0800	0.1090	0.0770	0.5141
1960	13497	0.1220	9545	0.0980	0.1440	0.0950	0.5521
1970	14267	0.1470	10090	0.1210	0.1900	0.1220	0.5556
1971	14567	0.1430	10280	0.1190	0.1870	0.1210	0.5243
1972	14652	0.1510	10362	0.1210	0.1970	0.1240	0.5347
1973	13570	0.1620	9597	0.1340	0.2020	0.1310	0.5162
1974	12300	0.2070	8732	0.1710	0.2380	0.1590	0.5480
1975	12561	0.2320	8901	0.1890	0.2720	0.1770	0.6118
1976	11885	0.2480	9015	0.2010	0.2810	0.1790	0.5612
1977	12127	0.2620	9199	0.2080	0.3010	0.2000	0.5640
1978	12082	0.2910	9165	0.2310	0.3310	0.2200	0.5764
1979	11666	0.3400	8850	0.2870	0.3800	0.2640	0.5950
1980	10841	0.4150	8224	0.3450	0.4400	0.3100	0.6330
1981	10652	0.4860	8081	0.4080	0.5090	0.3590	0.6668
1982	10594	0.5168	8037	0.4370	0.5400	0.3831	0.6397
1983	10963	0.4986	8317	0.4247	0.5338	0.3810	0.6131
1984	11318	0.4887	8586	0.4208	0.5377	0.3827	0.5886
1985	11724	0.5048	8894	0.4437	0.5684	0.4149	0.5998
1986	12264	0.4493	9304	0.3947	0.5926	0.4285	0.6146
1987*	12264	0.5703	9304	0.4935	0.6675	0.4720	0.6675

* Updated; this table originally issued 2/87

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HERTZ ESTIMATES OF 1987 MODEL NEW PASSENGER CAR OWNERSHIP & OPERATING COSTS

'COMPACT' MODEL

Years Used	AVERAGES At CONSTANT 9304 M.P.Y. ¢.P.M.	AVERAGES At CONSTANT 9304 M.P.Y. $ P.Y.	9,304 At DECLINING Annual Miles AVERAGING 9304 Over 10-Yr.Period M.P.Y.	AVERAGES At DECLINING Annual Miles AVERAGING 9304 Over 10-Yr.Period ¢.P.M.	AVERAGES At DECLINING Annual Miles AVERAGING 9304 Over 10-Yr.Period $ P.Y.
1	0.6497	6,044.81	14,152	0.4719	6,678.33
2	0.6184	5,753.59	13,083	0.4791	6,268.07
3	0.5863	5,455.87	12,264	0.4755	5,831.53
4	0.5587	5,199.08	11,484	0.4762	5,468.68
5	0.5377	5,002.76	11,005	0.4757	5,235.08
6	0.5008	4,659.44	10,684	0.4547	4,858.01
7	0.4728	4,398.00	10,422	0.4383	4,567.96
8	0.4510	4,196.10	10,134	0.4259	4,316.07
9	0.4319	4,019.33	9,787	0.4170	4,081.18
10	0.4164	3,874.19	9,304	0.4164	3,874.19

NOTE: Above Costs Are AVERAGES For Different Use/Mileage periods; those below are for each INDIVIDUAL year.

CURRENT 1987 DATA 'COMPACT' CAR EXPENSES

YEARLY Costs & Mileages for Different Ownership Periods (Not AVERAGES for ALL Years, As Listed Above)

Year of Use	AVERAGES At CONSTANT 9304 YEARLY Mileages ¢.P.M.	AVERAGES At CONSTANT 9304 YEARLY Mileages $ P.Y.	9,304 At Listed DECLINING YEARLY Mileages AVERAGING 9304 M.P.Y.	AVERAGES At Listed DECLINING YEARLY Mileages AVERAGING 9304 M.P.Y. ¢.P.M.	AVERAGES At Listed DECLINING YEARLY Mileages AVERAGING 9304 M.P.Y. $ P.Y.
1	0.6497	6,044.81	14,152	0.4719	6,678.33
2	0.5871	5,462.38	12,014	0.4876	5,858.03
3	0.5224	4,860.41	10,626	0.4665	4,957.03
4	0.4760	4,428.70	9,144	0.4792	4,381.80
5	0.4533	4,217.50	9,089	0.4733	4,301.82
6	0.3163	2,942.86	9,079	0.3271	2,969.74
7	0.3041	2,829.35	8,850	0.3195	2,827.58
8	0.2991	2,782.83	8,118	0.3150	2,557.17
9	0.2800	2,605.12	7,011	0.3125	2,190.94
10	0.2760	2,567.90	4,957	0.4074	2,019.48
Tot.	0.4164	3,874.19	9,304	0.4164	3,874.19

Slight variations owing to rounding.

Table II

BREAKOUT OF HERTZ OWNERSHIP & OPERATING COST ESTIMATES FOR SELECTED CARS

Average Expenses For Various Years Of Ownership at 10,00 Miles A Year

Model Year:	1987						1986			
Purchase Price	$ 11,155			$ 13,880			$ 10,439		$ 11,572	
Car Size	Compact			Intermediate			Compact		Intermediate	
Years Kept	3-Yr.	5-Yr.	10-Yr.	3-Yr.	5-Yr.	10-Yr.	5-Yr.	10-Yr.	3-Yr.	10-Yr.
Depreciation	0.2324	0.1774	0.1093	0.2893	0.2208	0.1361	0.1660	0.1023	0.1840	0.1134
Ins.,Lics.,Fees	0.1362	0.1362	0.1188	0.1471	0.1471	0.1284	0.1328	0.1159	0.1434	0.1252
Interest (P&L)	0.0723	0.0774	0.0387	0.0900	0.0963	0.0482	0.0748	0.0374	0.0829	0.0414
FIXED SB.-TOTL.	0.4409	0.3909	0.2668	0.5264	0.4642	0.3127	0.3736	0.2556	0.4103	0.2800
Maint. & Repair	0.0421	0.0464	0.0566	0.0497	0.0549	0.0669	0.0453	0.0552	0.0534	0.0651
Gas,Oth.Svc.Stn.	0.0739	0.0741	0.0746	0.0914	0.0917	0.0924	0.0659	0.0663	0.0827	0.0834
VARIABLE S/T	0.1160	0.1205	0.1312	0.1411	0.1465	0.1593	0.1112	0.1215	0.1361	0.1485
F & V TOTALS	0.5569	0.5114	0.3980	0.6675	0.6107	0.4720	0.4848	0.3771	0.5464	0.4285

Model Year:	1985						1984			
Purchase Price	$ 9,634			$ 10,509			$9,113		$10,103	
Car Size	Compact			Intermediate			Compact		Intermediate	
Years Kept	3-Yr.	5-Yr.	10-Yr.	3-Yr.	5-Yr.	10-Yr.	5-Yr.	10-Yr.	3-Yr.	10-Yr.
Depreciation	0.2049	0.1564	0.0964	0.2189	0.1671	0.1030	0.1458	0.0893	0.2122	0.0990
Ins.,Lics.,Fees	0.1193	0.1193	0.1041	0.1288	0.1288	0.1125	0.1084	0.0932	0.1156	0.0995
Interest (P&L)	0.0789	0.0849	0.0425	0.0843	0.0908	0.0454	0.0917	0.0459	0.0929	0.0508
FIXED SB.-TOTL.	0.4031	0.3606	0.2430	0.4320	0.3867	0.2609	0.3459	0.2284	0.4207	0.2493
Maint. & Repair	0.0390	0.0430	0.0525	0.0487	0.0538	0.0655	0.0387	0.0472	0.0395	0.0550
Gas,Oth.Svc.Stn.	0.0726	0.0726	0.0732	0.0876	0.0878	0.0885	0.0721	0.0726	0.0776	0.0784
VARIABLE S/T	0.1116	0.1158	0.1257	0.1363	0.1416	0.1540	0.1108	0.1198	0.1171	0.1334
F & V TOTALS	0.5147	0.4764	0.3687	0.5683	0.5283	0.4149	0.4567	0.3482	0.5378	0.3827

Model Year:	1983				1982		1981	
Purchase Price	$8,358		$9,770		$8,102		$9,397	$7,621	$8,326
Car Size	Compact		Intermediate		Compact		Intermediate	Comp.	Inter.
Years Kept	5-Yrs.	10-Yrs	3-Yrs.	10-Yrs.	5-Yrs	10-Yrs	3-Yrs	10-Yrs	5-Yrs.	3-Yrs.
Depreciation	0.1371	0.0819	0.2117	0.0957	0.1329	0.0794	0.2034	0.0920	0.1311	0.1943
Ins.,Lics.,Fees	0.0998	0.0859	0.1062	0.0915	0.0980	0.0843	0.1036	0.0892	0.0907	0.0941
Interest (P&L)	0.0766	0.0383	0.0823	0.0448	0.0967	0.0483	0.1007	0.0560	0.0969	0.0885
FIXED SB.-TOTL.	0.3134	0.2061	0.4002	0.2320	0.3275	0.2121	0.4076	0.2372	0.3187	0.3769
Maint. & Repair	0.0355	0.0422	0.0395	0.0536	0.0342	0.0407	0.0349	0.0473	0.0276	0.0300
Gas,Oth.Svc.Stn.	0.0838	0.0846	0.0941	0.0954	0.0849	0.0857	0.0971	0.0986	0.0879	0.1020
VARIABLE S/T	0.1193	0.1268	0.1336	0.1490	0.1191	0.1264	0.1320	0.1459	0.1155	0.1320
F & V TOTALS	0.4328	0.3329	0.5338	0.3810	0.4467	0.3384	0.5395	0.3831	0.4342	0.5089

Model Year:	1980		1979		1978	1975	1974	1973	1972	
Purchase Price	$6,454	7,129	5,079	6,161	5,578	4,676	3,934	3,493	$3,425	
Car Size	Comp.	Inter.	Comp.	Inter.	Inter.	Inter.	Inter.	Inter.	Intermediate	
Years Kept	5	3	5	3	3	3	3	3	3	10
Depreciation	0.1123	0.1711	0.0884	0.1561	0.1422	0.1262	0.1062	0.0943	0.0924	0.0326
Ins.,Lics.,Fees	0.0813	0.0848	0.0643	0.0790	0.0698	0.0388	0.0370	0.0350	0.0342	0.0245
Interest (P&L)	0.0647	0.0643	0.0418	0.0460	0.0413	0.0331	0.0246	0.0203	0.0198	0.0110
FIXED SB.-TOTL.	0.2583	0.3202	0.1945	0.2810	0.2533	0.1981	0.1678	0.1496	0.1464	0.0681
Maint. & Repair	0.0252	0.0268	0.0229	0.0248	0.0231	0.0191	0.0182	0.0177	0.0173	0.0234
Gas,Oth.Svc.Stn.	0.0807	0.0929	0.0681	0.0740	0.0548	0.0546	0.0520	0.0344	0.0337	0.0330
VARIABLE S/T	0.1059	0.1197	0.0910	0.0988	0.0779	0.0737	0.0702	0.0521	0.0510	0.0564
F & V TOTALS	0.3642	0.4399	0.2855	0.3798	0.3312	0.2718	0.2380	0.2017	0.1974	0.1244

Slight Variations Owing To Rounding

TABLE III

YEARLY & 'LIFETIME' COSTS OFINTERMEDIATE-SIZE CAR BOUGHT NEW IN 1978 AND DRIVEN 10,000 MPY & SCRAPPED IN 1987

(Data from Hertz Car Ownership & Operating Costs Studies Over Past Decade, in Cents-Per-Mile)

Car Purchase Price: $	5,578										
Car Age In Years (Use Period)	1	2	3	4	5	6	7	8	9	10	10-Year Average
Calendar Year	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
Depreciation											
(purchase price share	0.1757	0.1422	0.1087	0.0385	0.0201	0.0167	0.0139	0.0112	0.0106	0.0089	0.0547
Insur., Licsns., Fees	0.0698	0.0713	0.0848	0.0916	0.1036	0.0735	0.0745	0.0816	0.0891	0.0899	0.0830
Interest Paid & Lost	0.0317	0.0359	0.0430	0.0396	0.0417	0	0	0	0	0	0.0192
Sub-Total 'Fixed' or Standing Expenses	0.2772	0.2494	0.2365	0.1697	0.1654	0.0902	0.0884	0.0928	0.0997	0.0988	0.1568
Maintenance, Repairs	0.0176	0.0180	0.0268	0.0293	0.0399	0.0453	0.0508	0.0622	0.0635	0.0651	0.0419
Gasoline & Other Service Station Charges	0.0546	0.0796	0.0929	0.0996	0.0976	0.0878	0.0780	0.0882	0.0832	0.0833	0.0845
Sub-total Variable or Running Charges	0.0722	0.0976	0.1197	0.1289	0.1375	0.1331	0.1288	0.1504	0.1467	0.1484	0.1263
Total Fixed & Variable Expenses PER YEAR	0.3494	0.3470	0.3562	0.2986	0.3029	0.2233	0.2172	0.2432	0.2464	0.2472	0.2831
AVERAGE Annual Costs For Years Held	0.3494	0.3482	0.3509	0.3378	0.3308	0.3129	0.2992	0.2922	0.2871	0.2831	
AVERAGE Costs in '78$	0.3494	0.3033	0.2640	0.2197	0.2051	0.1940	0.1842	0.1544	0.1547	0.1402	0.2169
ANNUAL Costs '78 $s	0.3494	0.3022	0.2680	0.1942	0.1878	0.1384	0.1337	0.1416	0.1327	0.1224	0.1970
YR.1 New Car Costs In Each Year**	0.3494	0.3858	0.4014	0.4659	0.5801	0.5783	0.5899	0.6280	0.6616	0.7533	
Cents Per Mile DIFFERENCE Keeping Old Car Vs. Trading For New One	——	0.0388	0.0452	0.1673	0.2772	0.3550	0.3727	0.3848	0.4152	0.5061	

NOTE: Figures in this and other Hertz car ownership
** studies reflect estimates for typical cars, typically-equipped and driven typical mileages by typical new-car-buying families.

Table IV HERTZ CORP. 1/88

SUMMARY OF 1973-87 DOMESTIC AUTOMOBILE SIZE & PRICE CHANGES

CAR SIZE	Sub-comp.	Compact	'Mid-Size'	Intermed.	'Standard'
Example Model:	Escort	Tempo	Mustang	T'BIRD	Crown Vict.
'85 LIST Price $	8,875.00	11,133.00	13,915.00	13,573.00	14,949.00
Wheelbase(")	94	100	101	104	114
Total Length(")	167	176	179	202	211
Weight(lbs.)	2,180	2,515	2,782	3,133	3,741
Price Per Lb. $	4.07	4.43	5.00	4.33	4.00
		Change Vs.1986			
Weight Lbs.	27	117	(262)	44	(7)
Length Inches	0	0	0	4	0
Price $	646.35	737.00	1,225.00	2,316.00	1,053.00
Price Pctg.	0.079	0.071	0.097	0.206	0.076
		Change Vs.1973			
Weight Lbs.	(36)	(242)	(447)	(645)	(551)
Length Inches	2	(7)	(15)	(10)	(9)
Price $	5,933.00	8,048.00	10,213.00	9,666.00	10,702.00
Price Pctg.	2.017	2.609	2.759	2.474	2.520
'86 LIST Price $	8,229	10,396	12,690	11,257	13,896
Wheelbase(")	94	100	101	104	114
Total Length(")	167	176	179	198	211
Weight(lbs.)	2,153	2,398	3,044	3,089	3,748
Price Per Lb. $	3.82	4.34	4.17	3.64	3.71
'85 LIST Price $	7905	9798	8826	10254	13287
Length	164	176	179	197	211
Weight	2146	2443	2664	3001	3730
'84 LIST Price $	6822	9064	9496	9898	12379
Length	164	176	179	197	211
Weight	2146	2443	2664	3001	3730
'83 LIST Price $	6,330	8,504	8,721	9,732	11,472
Length	164	196	179	197	211
Weight	2016	2824	2700	2981	3748
'82 LIST Price	5,822	8,180	9,098	9,683	9,857
Length	164	196	197	200	209
Weight	2011	2778	2941	3169	3602
'81 LIST Price	5417	7714	8195	8802	9023
Length	164	196	197	200	209
Weight	1987	2724	2948	3167	3602
'80 LIST Price	6042	6464	7106	7708	8781
Length	171	196	200	200	209
Weight	2488	2688	3250	3262	3584
'79 LIST Price	5004	5370	6265	6738	7793
Length	169	194	198	216	209
Weight	2449	2682	3249	3910	3611
'78 LIST Price	4647	5061	5759	6031	6379
Length	169	194	194	216	224
Weight	2425	2748	3349	4056	4266
'75 LIST Price	3622	4230	4979	5089	5515
Length	166	187	194	218	224
Weight	2581	2891	3243	4258	4502
'74 LIST Price	3304	3518	3857	4257	4870
Length	166	187	194	215	222
Weight	2443	2852	2964	4038	4302
'73 LIST Price	2942	3085	3702	3907	4247
Wheelbase	94	103	109	118	121
Length	165	183	194	212	220
Weight	2216	2757	3229	3778	4292
Price Per Lb. $	1.33	1.12	1.15	1.03	0.99

NOTE: Size classifications are arbitrary. Car names have changed.

DETAILS OF 1987 HERTZ COST ESTIMATE CALCULATIONS

1. MODELS USED: Sub-compact, Escort; Compact, Tempo; Mid-size, Mustang; Intermediate, LTD-4; Standard, Crown Victoria. Discounts assumed: Sub-compact, 8.00%; Compact, 5.50%; Mid-size, 4%; Intermediate, 3.5%; Standard, 2.5%. Sales Tax assumed: 6.025%. PURCHASE Prices resulting: Sub-compact, $8,657; Compact, $11,155 Mid-size, $14,156; Intermediate, $13,880; Standard, $15,445.

2. DEPRECIATION rates are estimated averages. Rates may vary widely from year to year or model to model, depending on a variety of factors including inflation, optional equipment and public perception of retained value; but over the years have been relatively consistent. Aggregate rates used are--1 year, 28.5%; 2 years, 49%; 3, 62.5%; 4, 72%; 5, 79.5%, 6, 85.5%; 7, 90%; 8, 93.5; 9, 96%; 10, 98%. Abormally high or low mileage-per-year also will produce depreciation-rate variations of 1 to 3 cents a mile.

NOTE: No future inflation assumption is included; so-called "constant dollar" figures are used. Therefore, inflation may alter longer-term ownership and operation expenses; however, inflation would also contribute to higher future new car purchase prices, so true depreciation is simply "postponed". Special Table shows 1977-model 10-year expenses reflecting automotive inflation for a decade. Depreciation usually is lower with high inflation, higher with low; other charges would normally be higher than Hertz estimates.

3. INSURANCE based on $250,000/$500,000/$50,000 liability, $500 comprehensive and collision deductible. (Deductible has been increased over the years to reflect Hertz' attempt to estimate typical expenses for typical new-car-buying families with one or two youthful drivers, so comparisons from year to year are not precisely the same.) Estimates assume full insurance is retained for duration of car loan; then, if car is kept longer, comprehensive-collision is dropped, only liability is retained.

4. INTEREST. For Ownership Periods up to five years, car loans are assumed to be for periods equal to ownership term — e.g., 3-year loan for 3-year ownership, 5-year loan for 5-year ownership. For longer use, 5-year loan is maximum. (Before 1980 when 5-year loans became readily available, 4-years was maximum.) Loans are assumed to be 2/3rds of purchase price; cash down payment 1/3rd. Interest-LOST on down payment assumed only for loan duration. Interest assumes MONTHLY loan REPAYMENTS, QUARTERLY COMPOUNDING on interest lost, as follows: Year 1, 11..16% paid, 6.72% lost; Year 2, 11.20%, 6.77%; Year 3, 11.25, 8.81; Year 4, 11.36, 6.89; Year 5, 11.40%, 6.96%.

5. FUEL-EFFICIENCY & MAINTENANCE cost estimates are based on Hertz experience, NOT on government, manufacturer or industry data. Estimates do not EQUAL Hertz costs, since study is intended to reflect expenses incurred by INDIVIDUAL drivers to help calculate outlays for personal autos. Hertz estimates also assume full, complete, proper, professional maintenance (which some motorists may not perform at intervals specified) rather than on "do-it-yourself" prices. Nevertheless, slight annual fuel-efficiency reductions are assumed in calculating gasoline costs.

6. Tolls & Garaging are excluded since these expenses can fluctuate widely even within the same geographical area, depending upon driving patterns, routes, etc. Such charges, however, are almost never "nothing." If a car is parked in the owner's GARAGE, for example, technically, a pro-rata expense (based on the garage size), should be applied. TOLLS can also make a substantial cost difference for commuters: two next-door neighbors driving equal distances to work in similar cars might have a 2-5c-a-mile variation. Major-city, mid-town PARKING likewise might add 5-25c-a-mile.

7.MODELS SELECTED. Calculations are for typical cars, equipped typically, driven typical MILEAGE and kept typical yearly PERIODS. Major options ordered by most buyers are included on most models, such as automatic transmission, power steering and brakes, tinted glass and air conditioning. Those MOST TYPICAL mileages and use durations are featured, but OTHER mileages and periods are also LISTED. This is to illustrate the substantial cents-per-mile and dollars-per-year cost VARIATIONS which different annual mileages and different use periods alone can produce.

8.CENTS-PER-MILE Vs. DOLLAR-PER-YEAR COSTS.Many drivers prefer CENT-PER-MILE car cost estimates (for tax or employer/reimbursement reasons), but DOLLAR-PER-YEAR figures are better. Tables illustrate that HIGH yearly mileages produce LOWer cent-per-mile expenses simply because so-called "fixed," or standing, charges such as insurance, taxes, licenses and interest are thus spread over more miles each year. STUDIES EXPRESSING COSTS FOR HIGH ANNUAL MILEAGE IN CENTS-PER-MILE TERMS RATHER THAN DOLLARS-PER-YEAR, MAY, THEREFORE, BE MISLEADING.

Example: A compact model driven 10,000 miles a year costs 51.14¢ a mile (over the now-most-typical 5-year use), equal to $5114 a year. At 20,000 annual miles, per mile costs over 5 years, drop to 28.08¢ but add up to $5616 A YEAR. Conversely, at just 5,000 miles a year, PER-MILE outlays were 89.43¢ for '87, but only $,4,71 ANNUALLY. The estimated national average mileage in 1986 was 9,304 per-car per-year and the 5-year compact model expenditures at THAT travel rate are 53.37¢ a mile, or $5,198 a year.

9.CONSTANT ANNUAL MILEAGE. Owing to statistical aberrations, some studies indicate that mileage on new cars is higher in their earlier years of ownership, lower later, The reporting of such costs on a cents-per-mile AND a declining annual mileage basis, can SERIOUSLY MISLEAD motorists. Such presentations mask the fact that longer car ownership normally reduces both cents-per-mile AND dollars-per-year costs. This is because, for most domestic cars purchased new, DEPRECIATION is higher in the car's first years, less as it ages. Keeping a car after a loan is repaid results in lower average INTEREST, too; AND, collision and comprehensive INSURANCE may be dropped after loan repayments end. (For similar reasons, cars bought used traditionally cost less to own and run than new ones.)

Example: The study table for compact models shows that at the constant national average of 9,304 miles a year typical costs drop from 63.70¢ a MILE—or $5468 a YEAR—for cars traded annually to 40.58¢ ($3484 a year) if the car is kept 10 years. However, if annual mileage declines each year (as at least one government report claims), cents-per-mile outlays are distorted to appear "flattened". They start at 47.19¢for 14,152 miles assumed run the FIRST year, climb to 47.33¢ for 9,089 miles assumed traveled the FIFTH year, and are 40.74¢ for just 4,957 miles assumed run in the 10TH year.

10. AVERAGE AND ANNUAL OUTLAYS. Selected costs are itemized for EACH YEAR as well as AVERAGE costs for varying terms of years a car may be kept. ANNUAL costs especially, show the substantial expense-decline after a car loan is repaid and insurance is cut; the Hertz study figures show that even though fuel and maintenance expenditures climb in later years after high mileage, these "running" charges almost never rise as fast as the fixed or "standing" charges drop. Thus, TOTAL average outlays almost always decline as a car ages. The Hertz Corp. 2/88 # # #